

Savings Plan



The Savings Program offers a convenient, tax-effective way to save and invest for the future. At retirement, Savings Program benefits are designed to work together with the Pension Plan and Social Security benefits to provide retirement income.

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Highlights



The Savings Program...

...Makes Savings Easy

You may save from 2.5% up to 60% of your eligible earnings on a before-tax and/or after-tax basis each year through convenient payroll deductions subject to certain other limits. Persons above a certain compensation amount are called "highly compensated employees" and can only contribute up to 16% of eligible earnings, subject to certain other limits.

...Offers Matching Contributions to Increase Your Savings

When you contribute to the savings program, the Company makes a matching contribution for every dollar you save up to 6% of your eligible earnings.

...Lets You Save Tax-Deferred

Your before-tax contributions, Company matching contributions and investment earnings are tax-deferred, which means you will not pay federal income taxes on these amounts until you take the money out of the savings program.

...Gives You the Opportunity to Invest in Your Future

You can invest your savings and Company matching contributions in the investment funds made available under the savings program.

...Provides 24-Hour Access to Account Information

The savings program information line offers up-to-date information about your account 24 hours a day, 7 days a week and our internet access provides the same convenience.

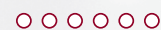
...Allows You Flexibility Today

Although the objective of the savings program is to help you save for the future, you have the flexibility to meet short-term needs through loan and withdrawal provisions.



What happens to your benefits when...

For more information about what happens to your savings program participation when you have a qualifying life event, see the "About Your Benefits" section.



Enrolling in the Savings Program

The savings program is completely voluntary. When you begin work, you will receive a savings program enrollment kit, which includes this summary plan description, fund prospectuses and fact sheets, as well as beneficiary and rollover contribution forms. CitiStreet, the savings program record keeper and State Street Bank and Trust, the Trustee, will send an activation kit to you containing your personal identification number (PIN) and a voice response unit card explaining how to use the savings program information line.

Once you have your PIN, you can start participating in the savings program by calling the savings program information line at 1-888-I-SAVE-IT to elect:

- the percentage you wish to save
- how you want to save - on a before-tax basis, an after-tax basis or a combination of both *and*
- your investment choices.

You may also activate your account for internet access.

Your payroll deductions will begin as soon as administratively possible, generally within 30 days.

Once you have enrolled, your contribution amount and investment choices will remain in effect until you make a change.

A few days after you enroll, a confirmation statement will be sent to your home. You should review the statement carefully to make sure your participation and election information is correct.

Naming Your Beneficiary

Your beneficiary is the person you name to receive benefits from the savings program if you die with a vested balance remaining in your savings program account. Your beneficiary can be anyone you wish. However, if you have been married for at least one year and you wish to name someone other than your spouse, you must have your spouse's written and notarized consent.

Be sure to keep your beneficiary designation up to date. If you do not make a beneficiary designation and you have been married for at least one year at the time of your death, your spouse will receive the value of your vested savings program account. If you are single and do not name a beneficiary, your vested savings program account will be paid to your estate.

You may change your beneficiary at any time. Simply call the information line or use the internet to request a beneficiary form. Your beneficiary election will be effective when the Benefit Plans Office receives your completed form.



The Savings Program Information Line

The savings program makes saving easy. It lets you enroll and manage your account over the telephone through a voice response unit or by speaking with a customer service representative. By calling the information line, you can:

- enroll in the savings program
- check your account balance and investment performance
- make investment elections
- transfer between investment funds
- change contribution percentages
- change investment elections
- request a loan or withdrawal.

To reach the information line

In the United States:

1-888-I-SAVE-IT (1-888-472-8348)

International:

1-617-847-1006

Telecommunications Device for the Deaf:

1-800-579-5708

Voice Response Unit:

24 hours a day, 7 days a week
(except for occasional maintenance periods)

Customer Service Representatives:

9 am - 5 pm Eastern time, Monday through Friday
(except on days when the New York Stock Exchange is closed)

Internet Access:

To access the savings program via the Internet, please use the following URL:
<http://oakridge.csplans.com>.

When you call the information line, you will need your PIN and a touch-tone telephone to use the voice response unit. If you do not have a touch-tone telephone, call the information line and speak to a customer service representative.

You will receive your PIN with your activation kit. You may change your PIN to personalize it at any time you wish. Your PIN is confidential and should be kept in a safe place. If you lose your PIN, call the information line and a copy of the number will be

sent to your home. For security reasons, you can never get your PIN over the telephone.

Accessing the System

To activate your Internet account, call the toll free number for the savings program. The number is 1-888-I-SAVE-IT (1-888-472-8348). The voice response unit has a menu selection for account activation. On a touch-tone telephone, the selection is the number "6". You may choose to talk to a customer service representative, and they will help you with the account activation. After you have activated your account, simply go to the log-in screen, press log-in, enter your social security number and your PIN, and press submit. Every participant in the plan will be able to gain access to the plan, even if you do not have an account balance.

Working With the Program

After you log on, the system greets you and immediately shows the market value of your account as of a particular date. Remember, our plan is valued daily, and the amount shown on the screen is the market value as of the close of business of the previous business day. This value is updated once a day, so the value you see in the morning will be the same value for that entire day. The system is updated with current information sometime after midnight.

If you want to see more information about the program or your account, you must click on the program name. Some companies have more than one savings program with CitiStreet, so the system allows you to select the proper program. We have only one program, so click the savings program button to proceed.

The screen shows more information now, but before we examine specific information, let's discuss the layout of the screen. There are four blocks of information across the top of the screen (under the participating companies' logos):

- "My Account Information"
- "Plan Information"
- "Education and Planning"
- and
- "Help".

These are the major areas of the site, and each one of the areas has a menu. The following sections discuss highlights of the first three areas listed above and the "Make a Transaction" area (located in the upper left corner of the screen).

Your Contributions

You can contribute to the savings program in three ways:

- before-tax contributions
- after-tax contributions from your eligible earnings
and
- with rollover contributions.

Eligible earnings are defined as follows:

$$\frac{\text{Straight-time earnings}}{\text{Straight-time hours}} \times \text{benefit hours} = \text{eligible earnings}$$

Straight-time earnings include shift premiums and hourly COLA, but do not include overtime

Before-Tax Contributions

Your before-tax contributions are deducted from your eligible earnings before federal and, in most cases, state and local taxes are figured. (Social Security taxes are not affected). By saving with before-tax dollars, you reduce your taxable income and, therefore, your current annual tax liability. The government allows this reduction in taxable income to encourage you to save for retirement. For this reason, withdrawals during your active career with the Company are restricted.

Year	Before-Tax Savings Limit
2002	\$11,000
2003	\$12,000
2004	\$13,000

This figure, which is announced annually, will be adjusted for changes in the cost of living in future years and applies to all before-tax savings contributions you make to all employer plans. Therefore, if you are employed during one year by another employer and make before-tax contributions to another employer's plan, these contributions also count in the annual contribution limit.

Additional limits may apply to highly compensated employees. You will be notified if these additional limits apply to you. Once you reach the annual before-tax limit (adjusted if you are age 50 or older and eligible to make additional before-tax contributions), you may elect to stop making contributions. If you do not stop making contributions when you reach this limit, they will automatically be changed to after-tax contributions for the remainder of the year unless you take action to stop making contributions.

Although you do not pay taxes when your before-tax contributions are deposited into your savings program account, you will be liable for taxes when you receive money from the account, either through withdrawals or final distributions when you leave the Company.

Those participants age 50 and older may be able to contribute additional amounts of before-tax contributions. Call the toll-free number for assistance in determining whether you qualify to make an additional contribution and the maximum amount of such contribution.

Your Contributions (cont'd.)

After-Tax Contributions

Your after-tax contributions are deducted from your eligible earnings after income taxes are withheld and do not provide the advantages of deferring your taxes that are available through before-tax contributions. Investment earnings on after-tax contributions, however, are tax-deferred until withdrawn from the savings program.

Also, after-tax contributions are subject to less stringent government withdrawal restrictions, as described later in this section.

Rollovers

As a general rule, you may rollover taxable amounts you receive from a tax-qualified plan of a former employer to your savings program account, and for distributions made on or after January 1, 2002 you may rollover non-taxable amounts. You will continue to defer current federal income taxes on the amount you rollover. For example, if you come to work for the Company after working for another employer that has a tax-qualified retirement plan, and you receive a distribution from that plan, you may transfer the taxable portion of your payout directly to the savings program or following an interim transfer to a conduit Individual Retirement Account (IRA).

Any rollover must be made within 60 days of the date you receive a distribution from the other qualified plan (or conduit IRA). If you miss the deadline, you cannot roll your distribution into the savings program and you will have to pay taxes on the taxable portion of your distribution.

To make a rollover of a qualified distribution, you must submit a certified check or a check from your prior plan's trustee or custodian, the distribution statement you receive with your rollover check and a completed rollover contribution form to State Street Bank and Trust.

This form is included in your enrollment kit. If you do not have the form, call the information line.

Before-Tax Savings vs. After-Tax Savings

Here is an example comparing before-tax contributions to after-tax contributions.

Assume you are married, earn \$30,000 a year, claim two exemptions on your joint return, and elect to save 6% of your eligible earnings.

Assume also that your marginal tax rate is 15%, which means that for each dollar you save on a before-tax basis, you save \$.15 in taxes. Here is how it works:

	Before-Tax Savings	After-Tax Savings
Eligible Earnings	\$30,000	\$30,000
Before-Tax Contributions (6%)	- \$ 1,800	- \$ 0
Adjusted Gross Income	\$28,200	\$30,000
Taxes*	\$ 4,230	\$ 4,500
After-Tax Contributions	- \$ 0	- \$ 1,800
Take-Home Pay	\$23,970	\$23,700
Difference	\$270	

**Taxes are estimated 2001 federal income taxes. Note that this example only takes federal tax savings into account. Depending on where you live, you may also save on state and local taxes.*

As you can see, by saving with before-tax contributions, you can reduce your income taxes by \$270 (15% x \$1,800) in this example. Therefore, you can invest the same \$1,800 a year, but your take-home pay will be higher by \$270.

How Much You Can Save

You may contribute from 2.5% to 60% (or 16% for a highly compensated employee) of your eligible earnings each pay period subject to the annual before-tax contribution limit and certain other limits. These percentages may be reduced for highly compensated employees to satisfy certain Internal Revenue Code tests. You will be notified of the restrictions for each year.

Your contributions up to 6% of eligible earnings are called "basic contributions." Basic contributions are eligible for Company matching contributions, as discussed later in this section. Any additional contributions are called "supplemental contributions" and are not eligible for Company matching contributions.

Basic Contributions

You may save from 2.5% to 6% of your eligible earnings in basic contributions - in 0.5% steps. This means you can authorize basic contributions of 2.5%, 3%, 3.5%, 4%, 4.5%, 5%, 5.5%, or 6% of eligible earnings.

Basic contributions can be on a before-tax basis, an after-tax basis, or a combination of both - in 0.5% steps.

Remember, your basic contributions, whether they are before-tax or after-tax, are eligible for Company matching contributions.

Supplemental Contributions

If your basic contributions equal 6% of eligible earnings, you can make supplemental contributions ranging from 6.5% up to 60% (or 16% for a highly compensated employee) of eligible earnings.

Supplemental contributions are not eligible for Company matching contributions and are made along with basic contributions through payroll deduction.

Your supplemental contributions can be made on a before-tax basis - up to the annual before-tax limit - or on an after-tax basis. Any supplemental contributions over the annual before-tax limit must be made with after-tax dollars.

Changing Your Contributions

You can increase, decrease or stop your before-tax, after-tax, basic and supplemental contributions at any time by calling the information line. The last election you make before the payroll system computes your contribution will override any previous elections. Changes will be sent to payroll on a weekly basis and will be effective as soon as administratively possible, generally within 30 days.

You can suspend or resume supplemental contributions at any time without affecting your basic contributions. However, if your basic contributions are suspended, your supplemental contributions are automatically suspended as well. When you resume your basic and supplemental contributions, cash deposits to make up for the period of suspension will not be permitted. All contributions must be made by payroll deduction.



Company Matching Contributions

Each pay period, the Company will match a percentage of each dollar you save as a basic contribution.

The Company will match your contributions up to...

- 100% of first 2% of eligible earnings
- 50% of next 4% of eligible earnings.

The Company Match

Suppose an employee with \$30,000 of eligible earnings contributes 6% of eligible earnings for a total savings of \$1,800 per year. The Company matching contribution would be:

100% of first 2% of eligible earnings	$\$600 \times 100\% = \600
50% of next 4% of eligible earnings	$\$1,200 \times 50\% = \600
The company match would be: \$1,200	

Vesting

Vesting is the process through which you earn a right to a benefit under the savings program. You are always 100% vested in your own contributions, as adjusted for investment earnings and losses on your contributions. Company matching contributions become 100% vested after you complete three years of Credited Service as defined in the Glossary. This means if you have worked at the Company for three full years, Company matching contributions are 100% vested.

You will also become immediately 100% vested in all Company matching contributions, adjusted for investment earnings and losses, when you:

- reach age 65 while a Company employee
 - retire and are eligible to receive an immediate pension
- or
- leave the Company because you are totally and permanently disabled, die or are involuntarily terminated for reasons other than cause.

Your Investment Options

You may choose to have your contributions and Company matching contributions invested in any one or a combination of the savings program's investment funds - in increments of 5%. The funds are valued at market daily. The Joint Retirement and Savings Plan Committee may change the funds at any time.

Any investment involves some degree of financial risk. Actual investment results for your savings program contributions will vary depending on the fund or funds in which they are invested.

Detailed information about each of the funds currently available under the savings program, is provided in the chart on the following pages. This data is provided for informational purposes only. Before making any investment decision, you should also review the fund prospectuses and fact sheets.

Neither the Company, the savings program nor the Joint Retirement and Savings Plan Committee makes any representation that the past performance of these funds is a guarantee or indicative of their future performance. The funds are not protected by any federal or state deposit insurance program.

Investment Earnings

Investment earnings include interest, dividends, and market gains/losses resulting from your investments in any of the savings program's funds. Returns you may earn on your investments are continually reinvested in the funds you have chosen.

Lockheed Martin Stock Fund

No additional investments in this fund are permitted after May 1, 2000. If you have investments in this fund you must direct them to be transferred to any of the other funds by April 30, 2003.



Savings Program Investment Options

Fund Name	Investment Objectives	Investment Strategy	
Stable Value Fund (most conservative)	Maximum safety of principal, stable income and liquidity.	To invest in investment contracts and high quality money market instruments.	
Intermediate-Term Investment Grade Bond Fund (more conservative)	Preservation of capital with attractive total returns.	To invest in undervalued investment grade securities in the fixed income market, with an average portfolio maturity ranging from 3 to 7 years.	
Long-Term Investment Grade Bond Fund (conservative)	Preservation of capital with attractive total returns.	To invest in undervalued investment grade securities in the fixed income market, with an average portfolio maturity usually greater than 10 years.	
American Balanced Fund (conservative to moderate)	Conservation of capital, current income and long-term capital growth.	To invest in a diversified portfolio of stocks, bonds, and other fixed income securities, responding to market changes by shifting its mix.	

Savings Program Investment Options (cont'd.)

Fund Holdings	Factors Affecting Performance	Fund Manager
<ul style="list-style-type: none"> • High quality investment contracts issued by insurance companies, banks, or other financial institutions • High quality short-term money market instruments to provide additional diversification and liquidity. 	Lower risk of principal; however, higher inflation risk, because its expected rate of return is usually lower than the other options and may not outpace inflation.	State Street Bank and Trust Company
<ul style="list-style-type: none"> • U.S. Treasury bonds • U.S. Agency bonds • Mortgage-backed bonds • Corporate bonds • Small amount of preferred stock. 	Inflation expectations and interest rate changes affect performance. Long-term decisions made by the fund manager and the nature of the fund's investments should be expected to provide higher returns and higher risks as compared to an intermediate-term bond portfolio.	Standish, Ayer & Wood
<ul style="list-style-type: none"> • U.S. Treasury bonds • U.S. Agency bonds • Mortgage-backed bonds • Corporate bonds • Small amount of preferred stock. 	Inflation expectations and interest rate changes affect performance. Long-term decisions made by the fund manager and the nature of the fund's investments should be expected to provide higher returns and higher risks as compared to the Stable Value Fund.	Pimco
<ul style="list-style-type: none"> • Stocks in key sectors of the U.S. economy • Small amount of non-U.S. securities • High quality corporate and government bonds. 	Subject to stock market risk and volatility. Bond values tend to vary inversely with interest rates. Long-term decisions made by the fund manager and the nature of the fund's investments may provide higher returns (and higher risks) as compared to a long-term bond portfolio.	Capital Research and Management Company (CRMC)



Savings Program Investment Options (cont'd.)

Fund Name	Investment Objectives	Investment Strategy	
Indexed Equity Fund (moderate)	Replication of the Standard & Poor's 500 Index investment performance.	To fully replicate the Standard & Poor's 500 Index portfolio through passive management, trading only when there is a change to the index. Offers exposure to approximately 70% of the U.S. equity market.	
The Investment Company of America (moderate to aggressive)	Long-term growth of capital and income, with an emphasis on future dividends and capital appreciation.	To invest in "blue-chip" companies with proven track records of rising earnings and dividends.	
Vanguard Windsor Fund (aggressive)	Long-term capital growth and income, as well as a reasonable level of current income.	To invest primarily in common stocks that are currently considered out of favor or undervalued - a "contrarian" approach, which can result in concentrated positions in several industries and companies.	
The Growth Fund of America (aggressive)	Long-term capital growth.	To invest in a wide range of companies that appear to offer superior opportunities for long-term growth.	
New Perspective Fund (more aggressive)	Long-term capital growth.	To invest in large established companies in world markets, focusing on changing global trade patterns and related growth opportunities.	

Savings Program Investment Options (cont'd.)

Fund Holdings	Factors Affecting Performance	Fund Manager
<ul style="list-style-type: none"> Primarily large U.S. stocks in identical proportions to the Index Small amount of money market securities to maintain liquidity. 	As a fund investing primarily in common stocks, the fund is subject to market risk - the possibility that common stock prices will decline over short, or even extended periods.	State Street Bank and Trust Company
<ul style="list-style-type: none"> Stocks and bonds of primarily large, well-known U.S. companies May include non-U.S. securities. 	Stocks are subject to market risk. Bond values tend to vary inversely with interest rates. Long-term decisions made by the fund manager and the nature of the fund's investments may provide higher returns (and higher risks) as compared to a balanced portfolio.	Capital Research and Management Company (CRMC)
<ul style="list-style-type: none"> U.S. common stocks Some fixed income securities and other equities such as convertible preferred stocks. 	Stocks are subject to market risk. Long-term decisions made by the fund manager and the nature of the fund's investments may provide higher returns (and higher risks) as compared to a balanced portfolio. Due to the contrarian approach, there is the potential that the common stock prices will decline over short or even extended periods.	Wellington Management Company of Boston
<ul style="list-style-type: none"> Primarily U.S. securities May include foreign securities May invest up to 10% in debt securities rated below investment grade. 	Subject to stock market risk and volatility; there is the potential that the common stock prices will decline over short or even extended periods.	Capital Research and Management Company (CRMC)
<ul style="list-style-type: none"> Stocks of companies in major world markets, including the U.S. 	Subject to global market risks, such as exchange rates, currency fluctuations, and political and social instability.	Capital Research and Management Company (CRMC)



Savings Program Investment Options (cont'd.)

Fund Name	Investment Objectives	Investment Strategy	
Lockheed Martin Corporation Stock Fund (most aggressive)	Opportunity to become an owner in Lockheed Martin Corporation and share in future growth.	To invest exclusively in Lockheed Martin Corporation common stock using a passive management strategy.	
Small Cap Growth Fund (more aggressive)	Seeks to achieve long-term capital appreciation through a diversified portfolio of equity securities of small- and medium-capitalization companies.	Under normal market conditions, the fund invests at least 65% of its total assets in equity securities of U.S. companies, such as common and preferred stock. The fund generally invests in small - and medium-sized companies, that is, companies with capitalization of \$1.5 billion or less. The fund may retain securities that it already has purchased even if the company outgrows the fund's capitalization limitations.	
International Growth Fund (more aggressive)	Seeks to provide long-term growth of capital by investing in companies based outside the United States.	Invests in securities of strong, growing companies based chiefly in Europe and the Pacific Basin, ranging from small firms to large corporations. The fund can only own securities of issuers domiciled outside the United States, except a nominal portion that, for liquidity purposes, may be held in U.S. dollars and/or equivalents.	

Savings Program Investment Options (cont'd.)

Fund Holdings	Factors Affecting Performance	Fund Manager
<ul style="list-style-type: none"> Lockheed Martin Corporation common stock Short-term high quality money market instruments only as needed for liquidity. 	Only consisting of one stock, it is not diversified, and is subject to large fluctuations based on Lockheed Martin Corporation's financial performance, stock market volatility and general economic conditions. Because of this lack of diversification, it is very different from the other stock funds offered by the savings program.	State Street Bank and Trust Company
U.S. common and preferred stock issued by small and medium-sized companies.	In addition to risk factors associated with investing in the stock market in general, small and mid-sized companies trade less frequently and in lower volume than the shares of larger companies. This could result in significantly higher volatility in their share price over short and extended periods of time. Small and mid-sized companies may also have more business risk due to limited product lines and less access to financial capital.	The Managers Funds, LLC
Stocks of large and medium-sized international companies.	Subject to global market risks, such as exchange rates, currency fluctuations, and political and social instability.	Capital Research and Management Company (CRMC)



Savings Program Investment Options (cont'd.)

Changing Your Investments

You may change your future investment choice - in 5% increments - at any time by calling the information line. The last change you make before 4 pm Eastern time, or before the market closes if earlier, will override any previous changes made that day. Your changes will be effective with the next deposit of your contributions.

You can transfer existing balances - in 1% increments - among the investment options up to 12 times a year, and in any event at least once per quarter. Transfers completed before 4 pm Eastern time will be effective that day, assuming it is a business day and the New York Stock Exchange is open; otherwise, changes will be effective the next business and market trading day. Confirmation of your transaction will be mailed within two business days.

Transaction Processing

The transactions you request through the information line will ordinarily be processed within the times specified in this handbook. However, in certain circumstances, you may experience difficulty in making your request or your transaction may be delayed. Please remember that the information line is no more than a telephone line.

Telephone service can be interrupted from time to time and, further, a high volume of telephone calls can overload the system and prevent calls from being answered. Transactions may also be delayed if State Street Bank and Trust Bank determines that the delay is necessary. For example, if market conditions require a daily volume limit on trades in an asset, there is suspension in trading of an asset or in the event of a major market or systems disruption. You will be informed if a transaction is not completed on the day requested, and the transaction will be completed as soon as administratively possible thereafter, based on the unit prices in effect when the transaction is completed.

Savings Program Investment Options (cont'd.)

Reward vs. Risk

One way to think of the gain or loss potential of an investment is to think of the potential for reward or the level of risk it offers.

Generally, investments with more risk to principal have the potential to yield higher returns over a longer period of time than investments with less risk.

No one can tell you what balance of reward vs. risk is right for you. It is up to you to decide. When making your decision, however, ask yourself the following questions:

When will you need the money in your accounts?

If you are a long way from retirement and investing for the long-term, you may want to consider more aggressive investment choices with higher risks. But you must be prepared to weather the ups and downs of the market and possible loss of your investment. However, stability in your investments may be more important, if you have a shorter time horizon.

What are your investment goals?

You may be concerned about preserving your account balances while earning a steady rate of return. Or, you may want investments that offer the prospect of substantial growth. Keep in mind that your investment objectives will change depending on how close you are to retirement and your financial goals.

What is your financial situation?

Figure out how much money you can afford to save. It may be more than you think. If you save a little, with the tax savings you receive from before-tax contributions, your take-home pay may not be reduced as much as you expect.

Are your investments sufficiently diversified?

Investment professionals seek to reduce risk by diversifying their investments - not putting too many eggs in one basket. They may diversify over different types of investments, such as stocks and bonds, and within types of investments by buying stocks and bonds of a number of different companies. Since most of the funds offered under the savings program are each made up of several types of investments, there is a basic level of diversification within most funds. However, you can further diversify by investing in several different funds to take advantage of the different investment objectives and strategies offered by the funds.

Your Quarterly Statement

After the end of each calendar quarter, you will receive a savings program statement that reports your account activity, total fund balances, and investment elections.

You can use these statements to track the value of your savings under the savings program.



Loans from Your Account

Although the savings program is meant to help you save for the future, you have access to your funds today through loans and withdrawals.

You may borrow money from a portion of your vested account balance and pay back the loan through payroll deduction. You will repay loan amounts, plus interest, back to your savings program account. You will not be taxed on the money you borrow from your account, provided you repay the loan as required, and any interest that you pay is credited to your account.

There are two types of loans available to employees: general and residential. General loans are available for any reason. Residential loans are for the purchase or building of your primary residence. You may only have one general loan and one residential loan outstanding at any one time. You must wait at least 30 days after a loan is repaid before taking another loan of the same type.

Loan Amounts

The maximum amount available for a loan is the lesser of:

- 50% of your vested account balance at the time of the loan
- or
- \$50,000 minus your highest outstanding loan balance during the previous 12 months.

Your account balance is based on the market value of the funds at the time the loan is requested. The minimum loan amount is \$1,000.

Loans are in the form of cash only. For information about the maximum loan amount available to you, call the information line.

Loan Fee

There is a one-time, nonrefundable application fee of \$50 for each loan. This fee will be deducted from your account balance after the loan has been granted, and will be taken from your most conservative investment fund (as determined by State Street Bank and Trust).

Interest Rate

The loan interest rate used for the entire term of the loan is the Prime Rate, as published in The Wall Street Journal on the first business day of the month preceding the month in which the loan is requested, plus 1%. The rate in effect when you take a loan is the rate you will pay for the term of your loan. Under current federal income tax law, none of the interest on a loan from the savings program is tax deductible.

Loan Funding

If a loan is approved, a loan account is set up in your name. The loan amount is taken from your different types of savings in this order:

- first from your before-tax accounts, starting with Company matching contributions followed by your basic contributions, then supplemental contributions
- second from your after-tax accounts, starting with Company matching contributions, then your basic and supplemental contributions
- third from any rollover contributions.

By funding your loan with these savings, you are, in essence, borrowing money that is not otherwise generally available for withdrawal, and leaving money in your account that can be withdrawn.

The loan amount is then transferred proportionally from the investment funds in which you have elected to invest your different types of savings.

Repaying Your Loan

Repayment on loans will be automatically deducted from your paychecks. General loans must be repaid within 4.5 years and residential loans must be repaid within 15 years. The minimum loan repayment period is six months.

As you repay your loan, your savings will be restored in the reverse order from which your loan was taken, starting with rollover contributions, followed by after-tax supplemental and basic contributions and the Company matching contributions on those funds, then before-tax supplemental, basic, and Company matching contributions. Your repayments will be invested in the same savings program funds you have chosen for your current contributions.

Loans from Your Account (cont'd.)

You may pay off your outstanding loan at any time prior to maturity by sending a certified check to State Street Bank and Trust for the payoff amount. Loans must be paid off in full - no partial payments are allowed. You must call the information line to find out payoff amounts.

If you terminate employment, any loan principal outstanding is due and payable by the end of the quarter following a quarter where a payment was not made. If the loan is not repaid within six months of termination, the outstanding loan balance will be treated and taxed as a distribution to you.

If you take a long-term leave of absence or are on long-term disability, you must continue to make repayments directly to State Street Bank and Trust. You will receive coupons with which to continue your monthly payments.

Any payments missed because of a short-term absence will be automatically deducted from your paycheck when you return to work.

Loan Default

Your loan will default if you:

- fail to make a scheduled loan repayment amount by the end of the following quarter
- leave the Company and do not pay the outstanding balance within six months
- or
- do not repay your loan by the end of the term of the loan.

If your loan defaults, the outstanding balance of your loan will be treated as a taxable distribution when the default occurs. Your defaulted loan will be subject to IRS distribution rules, such as the 10% penalty if you are under age 59-1/2. You will remain obligated for any unpaid balance on a loan that is in default. Thus, if you do not repay your loan, the amount payable to you from the savings program will be reduced by the outstanding balance on the loan.

You may not take out a new loan while you have a loan which is in default.

Change in Payroll Frequency

If your pay period changes from weekly to bi-weekly or monthly or vice versa, the repayment of the remaining principle loan balance will be adjusted for the new payroll frequency. You will receive notice of the new payroll deduction amount.

Taking a Loan

For a general loan:

- Call the information line to find out the maximum loan amount available to you and current interest rates.
- Select the loan amount and terms that best suit your needs.
- You will be mailed a check and loan disclosure statement to your address on record with payroll, generally within two business days. The check and loan disclosure statement constitute your legal notification of your loan responsibilities. Your endorsement indicates your acceptance of those responsibilities and your promise to repay the loan within the agreed-upon period.

For a residential loan:

- Call the information line to request a residential loan package, which will include a promissory note.
- Sign and return the application along with any other paperwork to the Benefit Plans Office within 60 days of the date on the note.
- You will be mailed a check and loan disclosure statement, generally within two business days after your loan is approved. The check and the loan disclosure statement constitute your legal notification of your loan responsibilities and your promise to repay the loan within the agreed-upon period.

Withdrawals While You are Employed

The savings program also allows you to take a withdrawal from your account within certain limits and rules which are described in this section. A withdrawal must be at least \$200 (or your account balance if less) and only one withdrawal may be made on any day.

You will be mailed a check generally within two business days after your withdrawal is approved.

Withdrawal of After-Tax Contributions

Within the limits described below, you may withdraw your after-tax contributions at any time by calling the information line.

Basic Contributions and Related Company Matching Contributions

You may withdraw any amount of after-tax basic contributions, adjusted for investment earnings and losses, at any time and may continue afterwards to make after-tax basic contributions. You may also withdraw the related Company matching contributions that have been in your account at least 24 months.

However, the savings program may impose a penalty for a withdrawal by suspending Company matching contributions on your after-tax basic contributions for a period following the withdrawal. The length of this suspension period, if any, will depend on the date of your last after-tax basic withdrawal or, if you have never made a withdrawal, the date you first began making after-tax basic contributions. For example:

If you previously made an after-tax basic withdrawal, and the time since that withdrawal is...		...then the Company matching contributions after your after-tax basic contributions will be suspended for:	
Less than 12 months		6 months	
At least 12 months but less than 24 months		3 months	
At least 24 months		No suspension	
If you have never made an after-tax basic withdrawal, and the time since you first made after-tax basic contributions is...		...then the Company matching contributions after your after-tax basic contributions will be suspended for:	
Less than 12 months		6 months	
At least 12 months but less than 24 months		3 months	
At least 24 months		No suspension	

Withdrawals While You are Employed (cont'd.)

Supplemental Contributions

You may withdraw any amount of your after-tax supplemental contributions at any time and may continue afterwards to make after-tax supplemental contributions. You may not withdraw any investment earnings on these supplemental contributions.

However, the savings program may impose a penalty for a withdrawal by suspending Company matching contributions on your after-tax basic contributions for a period following the withdrawal. The length of this suspension period, if any, will depend on the date of your last after-tax supplemental withdrawal or, if you have not made a withdrawal, the date you first began making after-tax supplemental contributions. For example:

If you previously made an after-tax supplemental withdrawal, and the time since that withdrawal is...	...then the Company matching contributions on your after-tax basic contributions will be suspended for:
Less than 12 months	3 months
At least 12 months	No suspension
If you have never made an after-tax supplemental withdrawal, and the time since you first made after-tax basic contributions is...	...then the Company matching contributions on your after-tax basic contributions will be suspended for:
Less than 12 months	3 months
At least 12 months	No suspension

Taxation of After-Tax Withdrawals

Your after-tax contributions to the savings program made before January 1, 1987 can be withdrawn without any tax. When you request a withdrawal, the first money paid out will be these pre-January 1, 1987 contributions.

Withdrawals of after-tax contributions made on or after January 1, 1987 are subject to partial taxation, since a withdrawal of post-1986 after-tax contributions will be assumed to be made up of both contributions and earnings. To avoid this taxation, you can roll over the taxable portion of your withdrawal to an IRA or other eligible retirement plan.

Withdrawals While You are Employed (cont'd.)

Withdrawal of Before-Tax Contributions

It is important to remember that withdrawals of your before-tax contributions are restricted by the Internal Revenue Code while you are working. You must include withdrawals of before-tax contributions in your income in the year of withdrawal. In some cases, the distributions may also be subject to a 10% premature withdrawal tax penalty, so you should consider these tax implications before making a withdrawal of your before-tax contributions.

Withdrawals Before Age 59-1/2

Because the emphasis is on long-term savings, the government limits withdrawals before age 59-1/2 to your before-tax contributions upon proof of financial hardship. You may not withdraw Company matching contributions and post-1988 investment earnings on before-tax savings while you are working until age 59-1/2.

To qualify for a hardship withdrawal, you must have a documented "immediate and heavy financial need" which cannot be met by "other reasonably available resources." Immediate and heavy financial need means:

- purchase of your primary residence (but not mortgage payments)
- tuition payments for a year of post-secondary education for you, your spouse or dependent children; beginning January 1, 2002, the amount may also include room and board expenses for each year
- medical expenses not covered by insurance for you, your spouse, or dependent children
- expenses to prevent eviction from or foreclosure on your primary residence
- funeral expenses of a family member.

Other reasonably available resources include after-tax contributions and savings program loans. You must request a maximum withdrawal of after-tax savings and the maximum loan amount available to you before you request a hardship withdrawal. The amount of your hardship withdrawal from your before-tax savings is limited to your own contributions - up to the amount needed to satisfy your financial need.

If you make a hardship withdrawal, your savings program participation will be suspended for 6 months. In addition, the maximum before-tax contribution you can make during the calendar year in which the suspension ends will be reduced by the amount of your before-tax contributions in the year of the hardship withdrawal. Hardship withdrawals are not eligible to be rolled over to another qualified plan or IRA.

You may call the information line for a hardship withdrawal request form. Hardship withdrawals must be approved by the plan administrator.

Withdrawals After Age 59-1/2

When you reach age 59-1/2, you may withdraw your before-tax contributions, Company matching contributions, and any investment earnings at any time for any reason.

To request a withdrawal, call the information line.

Withdrawal of Rollover Contributions

You may withdraw your rollover contributions, as adjusted for investment earnings and losses, at any time for any reason without incurring a penalty under the savings program. To request a withdrawal, call the information line.

Program Payouts

You are eligible to receive the full value of your savings program account when you leave the Company:

- after you are eligible to retire with an immediate pension
- because you are totally and permanently disabled
- after completing three years of credited service
- or
- before completing three years of credited service for any reason other than a voluntary resignation or discharge by the Company for cause.

If you voluntarily resign or are discharged for cause before completing three years of credited service, you will forfeit any Company matching contributions, adjusted for investment gains and losses. Forfeitures will be used as future Company matching contributions for other participants.

If you die before your entire vested account balance is paid to you, that balance will be paid to your beneficiary.

Timing of Payouts

When you leave the Company, you may request an immediate payout or choose to defer payment. You may not defer payment, however, beyond December 31st of the year in which you reach age 70-1/2 or the date you retire if you work for the Company beyond age 70-1/2. If you choose to defer payment, your savings will be invested in the savings program funds as you direct.

Payout Methods

If you terminate employment before you are eligible for an immediate pension or total and permanent disability benefits, and decide to receive your savings program account, you will receive a lump sum payment.

If you die, your beneficiary may receive the full amount of your savings program account balance in a lump sum. If you die and were eligible to retire at the time of your death, your spousal beneficiary may elect a lump sum payment or monthly installment payments over a five-year period. Your spousal beneficiary may also choose to defer payment.

If you are eligible for an immediate pension or total and permanent disability benefits when you leave employment, you may elect to receive:

- a single lump sum payment of your total account value
- a partial payment, provided you have a remaining balance of at least \$10,000
- monthly installment payments of your fixed period of 10, 15, or 20 years (as long as this method meets the IRS minimum distributions requirements), with monthly recalculations based on market value and the remaining payment period
- monthly installment payments over a period equal to your life expectancy, or the joint life expectancy of you and your spouse
- or
- monthly installments using the uniform life expectancy table with monthly recalculations based on market value and the remaining payment period. Life expectancies are recalculated each year.

If your savings are invested in the Lockheed Martin Corporation Stock Fund or the Vanguard Windsor Fund, you may elect to receive a lump sum payment of your account in the form of securities in these funds to the extent your savings are invested in these funds. All other funds must be liquidated and paid out in cash.

Electing a Payout Method

If you leave the Company, CitiStreet will send a letter to you describing your payout options. If you are eligible for installment payments, you will also receive the applicable forms. You may make your payout election over the telephone by calling the information line.

Taxation of Withdrawals and Final Payouts

In general, your before-tax contributions, Company matching contributions, and investment earnings on all types of contributions are taxable when you receive them. The actual tax treatment will depend on your age at the time of receipt. You can find more information about tax treatment of savings program distributions in the "Special Tax Information Notice," which is included with your quarterly statement and also available by calling the information line.

Before Age 59-1/2

If your payment is received before age 59-1/2, you will pay a 10% penalty tax in addition to ordinary income tax on the taxable portion of the payment, including a hardship withdrawal unless you qualify for one of the exceptions to this 10% penalty listed in the "Special Tax Information Notice." You can avoid the income and penalty tax if you roll the taxable portion of your payment over into an IRA or other eligible retirement plan within the time period permitted by law.

Beneficiaries are never subject to the 10% tax penalty, regardless of your age at death.

At Age 59-1/2 or Later

If you make a withdrawal or receive a savings program distribution after age 59-1/2, you will not have to pay the 10% penalty.

If you were at least age 50 on January 1, 1986, the law generally makes 10-year forward averaging (based on 1986 tax rates) available as an alternative, as well as special capital gains treatment, provided you were a participant before 1974.

To be sure you are using your benefits to their full advantage, you should check with a tax advisor regarding the specific requirements for using these and other forms of favorable treatment that may apply to your payout. The Benefit Plans Office cannot give you tax advice.

Rollovers and Withholding

Withdrawals and lump sum distributions of your before-tax contributions and Company matching contributions, as adjusted for investment earnings and losses, can be rolled over to an IRA or other eligible retirement plan. Required minimum distributions to employees who have reached age 70-1/2 or retired from the Company after age 70-1/2, and distributions paid out in installments are not eligible for such a rollover. Beginning with distributions on or after January 1, 2002, you may rollover the nontaxable (your after-tax contributions) portion of your distribution to an IRA and certain qualified defined contribution plans.

You can roll over all or a portion of your eligible plan payouts either directly or indirectly to an IRA or other eligible retirement plan. With a direct rollover, State Street Bank and Trust will send you a check payable to the trustee of the eligible IRA or plan you designate. If you elect a direct rollover, no federal tax withholding will apply to your rollover amount. The portion that is not rolled over will be subject to mandatory 20% tax withholding.

If you want to roll over your eligible payout yourself - an indirect rollover - there are some important facts to keep in mind:

- Mandatory 20% tax withholding will apply to the distribution when the payout is made to you.
- Your rollover must be made within 60 days of the day you receive your payout.
- Any portion of the taxable part of your payout not rolled over will be subject to income and penalty taxes (if applicable).

Other withholding rules apply to distributions that are not eligible for a rollover. You will be provided with information on those rules prior to the distribution.

Severance from Service and Reemployment

Severance from service is important because it determines when your credited service ends for purposes of savings program vesting. Severance from service occurs:

- the day you quit, retire, are discharged, or die
- one year after your first day of absence due to layoff, or, if earlier, the first day after recall if you fail to return to work
- one year after your first day of absence with leave, or, if earlier, the first day after the final day of leave if you fail to return to work
- two years after your first day of absence for a parental leave due to pregnancy, birth or adoption, and for child care immediately following the birth or adoption, or, if earlier, the first day after the final day of leave if you fail to return to work.

If you are reemployed within one year of your date of severance, you will receive credited service for your period of severance and your prior credited service will be restored.

If you are reemployed more than one year after your date of severance and you were vested as of that date, your prior credited service will automatically be restored upon reemployment, regardless of your period of severance.

If you were not vested as of your date of severance, your prior credited service will be restored if you are reemployed more than one year after your date of severance, provided you have one year of service after the period of severance, and the length of your severance is less than five years.

In any event, you will not earn credited service during a period of severance lasting one year or more.

Claiming Benefits

To apply for a savings program payout, you should call the information line at 1-888-I-SAVE-IT. Your beneficiaries should contact the Benefit Plans Office.

If you elect a lump-sum payout, you will be mailed the payout generally within two business days. If you elect to receive installment payments, you will receive a form to complete. Installment payments generally will be mailed on the second business day of each month.

If you elect to receive securities rather than cash from any balance in your account, you will receive a stock certificate (in the case of Lockheed Martin Corporation shares), or shares will be reregistered in an account in your name individually (in the case of Vanguard Windsor Fund shares), generally within two weeks after your request.



Other Important Information

Change of Address

It is important that you notify the Company of any change in your address while you are a participant in the savings program so you will be assured of receiving Company communications about the savings program. If you are retired, call the information line for a change form.

Voting Your Shares

Except for the Lockheed Martin Corporation Stock Fund, the investment manager for each fund will decide how to exercise any voting rights applicable to stock held in that particular fund.

If you invest in the Lockheed Martin Corporation Stock Fund, you will have the opportunity to direct the trustee to vote your share of the stock in that fund. From time to time, you will receive proxy materials asking for your vote on selected issues.

Investment Fees and Expenses

The savings program investment options have administrative and investment management fees associated with them which, in effect, reduce the investment fund returns. The administrative fees are associated with service performed by the trustee and recordkeeper.

Investment management fees for the mutual funds are described in the fund prospectuses. A summary of the fees is posted on the savings plan home page on the Internet.

Responsibility for Investment Decisions

You choose how to invest your money in the savings program. The savings program trustee will follow your investment directions without reviewing your investment decisions.

The Company, the trustee, the Joint Retirement and Savings Plan Committee and the other savings program administrators are not responsible or liable for the investment choices you make or investment losses that are the direct and necessary result of your investment choices. This is because the savings program is intended to satisfy the requirements of Section 404(c) of the Employee Retirement Income Security Act of 1974 (ERISA) and section 2550.404c-1 of the Code of Federal Regulations. Nothing contained in this document is intended to constitute investment advice.

Confidentiality of Investment Directions

Your investment directions for all savings program funds are administered by CitiStreet. State Street Bank and Trust handles all purchases and sales in the name of the savings program without identifying individuals, so your transactions remain confidential.

State Street Bank and Trust is also responsible for distributing to saving program participants proxy and other materials generally provided to Lockheed Martin Corporation shareholders. In addition, voting directions relating to Lockheed Martin Corporation stock held in the savings program are returned to CitiStreet (or its agents.)

As a result of these procedures, any information about your purchase, holding, sale, and voting of Lockheed Martin Corporation stock is kept confidential by CitiStreet.

The Joint Retirement and Savings Plan Committee is responsible for monitoring compliance with the procedures that ensure confidentiality. You may contact the Retirement and Savings Plan Committee at:

C/O Manager, Employee Benefits
PO Box 2009
Oak Ridge, TN 37831-8267

Call the information line or use the internet for...

- **Financial information** - prospectuses and fund fact sheets, to the extent they are available and provided to the savings program.
- **Investment performance** - past and current investment performance of each fund as it becomes available.
- **Account value** - value of each investment fund within your personal account.

Other Important Information (cont'd.)

Your Other Benefits

Before-tax savings under the savings program reduce your taxable income - that is, they are not reported as taxable income on your W-2 earnings statement. However, they are included in determining your Social Security taxes and benefits.

Savings with before-tax dollars has no effect on your other pay-related benefits - such as life insurance, disability coverage, and retirement income. These benefits provide financial protection and security based on your full basic rate of pay.

Tax Treatment

The Company intends to operate the savings program so that it will qualify under Sections 401(a) and 401(k) of the Internal Revenue Code. Accordingly, your before-tax savings will not be taxed until you withdraw them. The earnings of the trust fund, which holds the savings program assets, will not be taxable to you, the trust fund, or to the Company at the time earnings are credited to the trust fund, but will be taxable to you when you receive a distribution.

Plan Funding and Expenses

The savings program is funded by participants who designate a part of their eligible earnings to be contributed on their behalf and by the Company through Company matching contributions. The assets of the savings program are held in a trust fund maintained by the trustee. All savings program administrative and investment management fees are paid by the program's investment funds, as described in this section.



